

Message Text

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SUBJ: CONSULTATIONS ON FINNISH TRADE MEASURES

FOLLOWING IS TEXT OF NOTE ON FINNISH ECONOMIC SITUATION
CIRCULATED BY SECRETARIAT JULY 17. IN VIEW OF RECENT
RECENT AGREEMENTS BETWEEN FINLAND AND THE IMF, INCLUDING
PHASING OUT IMPORT DEPOSIT SCHEME, THE SECRETARY GENERAL
HAS SUGGESTED THAT NO FURTHER CONSULTATIONS BE HELD ON
THE FINNISH ACTION BEFORE THE SUMMER RECESS (DEPT WILL
RECALL THAT AD HOC COUNCIL WORKING PARTY HAD RECOMMEND-
ED APRIL 25 THAT CONSULTATIONS BE RESUMED IN 2 MONTHS
TIME). MISSION WILL ASSUME UNLESS IT HEARS OTHERWISE
FROM DEPARTMENT THAT US CONCURS WITH SECGEN'S SUGGESTION.

BEGIN TEXT:

1. COMPLEMENTING THE INFORMATION PRESENTED AT THE AD
HOC MEETING HELD UNDER THE AEGIS OF THE COUNCIL ON
24TH-25TH APRIL, THE FINNISH DELEGATION HAS SENT IN A
NOTE ON RECENT DEVELOPMENTS IN THE COUNTRY'S BALANCE
OF PAYMENTS. ACCORDING TO THIS NOTE (CF. ANNEX I) IN
THE LAST FEW MONTHS OF THE CURRENT YEAR THE FINNISH
TRADE DEFICIT HAS WORSENERED; INVISIBLE TRANSACTIONS
HAVE HAD NO MARKED EFFECT ON THE COUNTRY'S CURRENT
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ACCOUNT POSITION AND CONSEQUENTLY THE CURRENT ACCOUNT

DEFICIT FOR JANUARY-MAY 1975 CAN BE APPROXIMATED TO THE TRADE DEFICIT FOR THE PERIOD WHICH AMOUNTED TO 3.5 BILLION MARKKAS.

2. THE FINNISH DELEGATION HAS HOWEVER SENT IN A NOTE (CF. ANNEX II) REGARDING THE APPROVAL BY THE INTERNATIONAL MONETARY FUND AT A MEETING HELD ON 4TH JUNE, 1975 OF ARRANGEMENTS TO IMPROVE FINLAND'S EXTERNAL LIQUIDITY POSITION AND TO SUPPORT THE FINNISH AUTHORITIES' POLICIES AIMED AT IMPROVING THE COUNTRY'S BALANCE OF PAYMENTS. THE IMF APPROVED A STANDBY ARRANGEMENT AUTHORIZING PURCHASES OF CURRENCIES UP TO THE EQUIVALENT OF 95 MILLION SDRS AND A PURCHASE FOR FINLAND UNDER THE 1975 OIL FACILITY AMOUNTING TO THE EQUIVALENT OF 71.25 MILLION SDRS. AT THIS MEETING THE FINNISH GOVERNMENT AFFIRMED ITS INTENTION TO RELAX GRADUALLY THE IMPORT DEPOSIT SCHEME AND TO TERMINATE IT AS SOON AS POSSIBLE AND IN ANY CASE NOT LATER THAN 24TH MARCH, 1976.

3. IN VIEW OF THE PROCEEDINGS AT THE IMF THE SECRETARY GENERAL SUGGESTS THAT UNLESS ANY MEMBER GOVERNMENT WISHES OTHERWISE, FURTHER CONSULTATION ON FINNISH TRADE MEASURES SHOULD NOT TAKE PLACE BEFORE THE SUMMER RECESS AS IT HAD ORIGINALLY BEEN AGREED UPON BY THE COUNCIL AT ITS 390TH MEETING ON 13TH MAY, 1975 (CF. C/M(75)15 PROV. ITEM 131). END TEXT
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